

Senate File 485 - Introduced

SENATE FILE 485

BY SMITH

A BILL FOR

1 An Act increasing the amount of retirement income of certain
2 taxpayers that is exempt from the individual income tax and
3 including retroactive applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, subsection 31, Code 2017, is
2 amended to read as follows:

3 31. For a person who is disabled, or is fifty-five years of
4 age or older, or is the surviving spouse of an individual or
5 a survivor having an insurable interest in an individual who
6 would have qualified for the exemption under **this subsection**
7 for the tax year, subtract, to the extent included, the
8 total amount of a governmental or other pension or retirement
9 pay, including, but not limited to, defined benefit or
10 defined contribution plans, annuities, individual retirement
11 accounts, plans maintained or contributed to by an employer,
12 or maintained or contributed to by a self-employed person as
13 an employer, and deferred compensation plans or any earnings
14 attributable to the deferred compensation plans, up to a
15 maximum of ~~six~~ twelve thousand dollars for a person, other than
16 a husband or wife, who files a separate state income tax return
17 and up to a maximum of ~~twelve~~ twenty-four thousand dollars for
18 a husband and wife who file a joint state income tax return.
19 However, a surviving spouse who is not disabled or fifty-five
20 years of age or older can only exclude the amount of pension or
21 retirement pay received as a result of the death of the other
22 spouse. A husband and wife filing separate state income tax
23 returns or separately on a combined state return are allowed
24 a combined maximum exclusion under **this subsection** of up to
25 ~~twelve~~ twenty-four thousand dollars. The ~~twelve~~ twenty-four
26 thousand dollar exclusion shall be allocated to the husband or
27 wife in the proportion that each spouse's respective pension
28 and retirement pay received bears to total combined pension and
29 retirement pay received.

30 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
31 retroactively to January 1, 2017, for tax years beginning on
32 or after that date.

33

EXPLANATION

34 The inclusion of this explanation does not constitute agreement with
35 the explanation's substance by the members of the general assembly.

S.F. 485

1 Under current law, a maximum of \$6,000 of retirement income
2 (\$12,000 for married couples) is exempt from the individual
3 income tax for a taxpayer who is disabled, who is at least 55
4 years of age, or who is the surviving spouse or other specified
5 survivor of that taxpayer. This bill increases that exempt
6 amount of retirement income to \$12,000 (\$24,000 for married
7 couples).

8 The bill applies retroactively to January 1, 2017, for tax
9 years beginning on or after that date.